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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE, Chairman

BOB STUMP

BOB BURNS

ANDY TOBIN

TOM FORESE

No. E-01345A-16-0123

Docket No.: E-01345A-16-0036

**NOTICE OF FILING
DIRECT TESTIMONY OF
RICK MILLER**

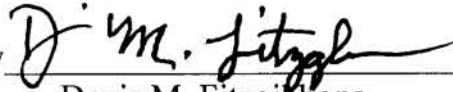
IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
A RETURN

The City of Coolidge, through its undersigned counsel, hereby provides notice of
the filing of the attached Direct Testimony of Rick Miller, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 27th day of January, 2017.

///

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By 

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CERTIFICATE OF SERVICE

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27th day of January, 2017, to:

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10 **DIRECT TESTIMONY OF RICK MILLER**

11 **On Behalf of the City of Coolidge**

12 **Docket No. E-01345A-16-0036**
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24 February 3, 2017
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**DIRECT TESTIMONY OF RICK MILLER
ON BEHALF OF THE CITY OF COOLIDGE
(Docket No. E-01345A-16-0036)**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, ADDRESS, AND OCCUPATION.

A. My name is Rick Miller. My business address is 130 W. Central Avenue, Coolidge, Arizona 85128. I am the City Manager for the City of Coolidge. I am responsible for the proper administration of all affairs of the City and work under the direction and control of the City Council.

Q. WHAT IS YOUR PROFESSIONAL BACKGROUND?

A. I have worked in various roles for communities with populations under 50,000 for over 36 years. For 10 years, I was involved in planning activities for Rapid City, South Dakota. During the next 26 years, I worked in planning departments for several Arizona communities, including 20 years with the City of Casa Grande. In 2016, I became the City Manager for the City of Coolidge.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

A. I want to discuss the challenges and opportunities for economic development in rural Arizona, specifically the City of Coolidge's municipal airport. The cost of extending electrical infrastructure to this area is cost prohibitive for small rural communities; therefore, I support changing Arizona Public Service's ("APS") line extension policy for rural cities/towns, to liberalize the terms for commercial expansion, because that could have a positive impact on economic development in rural Arizona.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

1 A. Yes. I previously testified in a line siting case. However, this will be the first
2 time I have provided testimony before the commission in a rate case
3 proceeding.

4 II. SUMMARY OF DIRECT TESTIMONY

5 Q. **PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.**

6 A. During my time working with several communities in Arizona, I have dealt
7 with the challenges of economic development in rural communities. In 2012, I
8 became the Growth Management Director for the City of Coolidge and was
9 appointed as City Manager in August 2016. Like other rural cities, the City of
10 Coolidge faces many challenges related to the cost of extending utilities to
11 facilitate economic development.

12 Specifically, the City of Coolidge has struggled with developing the City
13 airport because of the significant cost of extending electrical infrastructure.
14 The City does not have the budget to extend the electrical facilities to the City
15 airport and the current (non-APS) provider of electricity at the City airport is
16 unwilling to provide additional electrical capacity to the airport.

17
18 In addition, the potential developers that have approached the City about the
19 airport have been unwilling to pay the significant cost to extend the utilities
20 and instead are looking for shovel ready sites. The lack of sufficient electrical
21 capacity significantly limits the City's ability to recruit new business at the
22 airport and have cost the City several opportunities to realize additional lease
23 revenue and have more employment available to the citizens of Coolidge.

24 Changing APS' line extension policy for rural cities/towns to include longer
25 refund eligibility periods for rural municipalities and/or allowing payments on

1 refundable advance with final payment only becoming due if the project
2 doesn't become economically feasible by the end of the refundable period
3 could make economic development at the City airport more feasible.

4 **III. CHALLENGES AND OPPORTUNITIES**

5 **Q. IN YOUR SUMMARY, YOU NOTED THAT THE CITY DOES NOT**
6 **HAVE THE BUDGET TO ASSIST DEVELOPERS WITH EXTENDING**
7 **UTILITIES TO THE AIRPORT. COULD YOU PLEASE**
8 **ELABORATE?**

9 A. Due to the economic downturn and the legislative impacts to the City's budget,
10 the City does not have the necessary funds available for several economic
11 infrastructure projects including, but not limited to, extending utility facilities
12 to the City airport. This lack of funding puts rural communities at a severe
13 disadvantage when trying to compete for potential employers with larger cities
14 that have more resources available to provide shovel ready development sites.
15 Revising APS' current line extension policy for rural cities/towns to include
16 provisions for longer refund eligibility periods for rural municipalities and/or
17 allowing payments on refundable advance with final payment only becoming
18 due if the project doesn't become economically feasible by the end of the
19 refundable period could make economic development at the City airport more
20 desirable to developers.

21 **Q. CAN YOU TELL US MORE ABOUT THE CURRENT PROVIDER OF**
22 **ELECTRICITY AT THE CITY AIRPORT?**

23 A. The current provider of electricity at the City airport is the San Carlos
24 Irrigation Project. The San Carlos Irrigation Project will continue to supply
25 electricity to the current users of the City airport but have previously told the
City that they are unable to provide additional electrical capacity to the airport.
Therefore, developing the airport without another electrical provider will be
nearly impossible.

1 **Q. IN YOUR SUMMARY, YOU NOTED THAT THE CITY HAS LOST**
2 **SEVERAL POTENTIAL DEVELOPMENT OPPORTUNITIES AT THE**
3 **AIRPORT BECAUSE OF THE COST TO EXTEND UTILITY**
4 **SERVICES. COULD YOU PLEASE ELABORATE?**

5 A. Complete Parachute Solutions, Inc., a current user of the airport, is unable to
6 expand their operations to include a wind tunnel and additional facilities for
7 military training without the necessary electrical facilities. The City was also
8 approached by a developer proposing a 100 + space manufactured home park
9 looking to provide a place for pilots training at the airport to live, which would
10 have included amenities such as a shooting range and club house. In addition,
11 the City has met with several manufacturers looking for sites to locate their
12 facilities. However, when these manufacturers learn of the cost to increase the
13 electrical capacity at the airport, they advise the City that they cannot make
14 their project viable if they have to pay to increase the electrical capacity.

15 Another issue facing the development of the City airport is the need for
16 additional facilities including, but not limited to, an additional waste water
17 treatment plant, public restrooms, a pilots lounge, T-Shades, T-Hangers, a
18 restaurant and a hotel/motel. The City is unable to construct the waste water
19 treatment plant and other facilities necessary to service new users of the City
20 airport without adequate electrical facilities.

21 IV. CONCLUSION

22 **Q. DO YOU HAVE ANY CONCLUDING REMARKS?**

23 A. Coolidge's proposed change in APS' line extension policy for rural
24 cities/towns has the potential to benefit the economic development of the City
25 airport and development in other rural cities around the state of Arizona. The
City would request that the Arizona Corporation Commission and APS explore

1 ways to facilitate new construction projects for economic development using
2 publicly-owned or leased property, specific to rural Arizona municipalities.

3 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 **A. Yes.**